

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (I-BANK)

STAFF REPORT

ISSUE: Staff requests approval to extend the terms of three existing special counsel legal services contracts by three months from September 30, 2009 to December 31, 2009, to ensure continuity in service while staff completes a request for qualifications process for new special counsel contracts. No additional funding is necessary because all three existing contracts have unspent funds remaining.

BACKGROUND INFORMATION: The I-Bank serves as issuer for a highly diverse universe of governmental and private activity conduit financing obligations and bonds, and as the lender of municipal loans, the majority of which are either financed by or pledged to secure governmental bonds. As such, the I-Bank must comply with highly complex statutory, constitutional and federal tax requirements. In order to ensure compliance with these requirements, the I-Bank has used the services of outside special counsel since 1999.

On October 1, 2006, the I-Bank entered into legal services contracts with three firms: Orrick, Herrington & Sutcliffe LLC (Orrick), Stradling, Yocca, Carlson and Rauth (Stradling) and Hawkins Delafield & Wood LLP (Hawkins) to provide special counsel services to the I-Bank. These current contracts expire on September 30, 2009. These contracts have been prudently used, and all have unspent funds remaining as follows:

| Firm | Original Contract Amount | Unspent Funds as of 9/1/2009 |
|------------------------|--------------------------|------------------------------|
| Orrick | \$90,000.00 | \$50,524.98 |
| Stradling ¹ | \$130,000.00 | \$38,809.00 |
| Hawkins | \$50,000.00 | \$44,813.68 |

On July 14, 2009, the I-Bank issued a Request for Qualifications for Special Counsel (RFQ), and received seven responses. A staff recommendation was presented at the August 25, 2009, I-Bank Board meeting to appoint four special counsel firms each under a contract with a term from October 1, 2009 to September 30, 2012. The Board instructed staff to amend and reissue the RFQ to encourage competition among proposals.

An Amended and Restated RFQ for Special Counsel was issued on August 31, 2009, with responses to be received no later than September 21, 2009. Staff anticipates presenting a new selection recommendation for special counsel firms to the Board at the October 27, 2009, meeting, and to enter into new special counsel contracts with an effective date of approximately December 1, 2009.

¹ The contract with Stradling was augmented to address the use of that contract during the period the I-Bank operated without a General Counsel and anticipated work. The augmentation has not been fully used.

No other approvals are required by law for the extension of these contracts.

RECOMMENDATION: Staff recommends approval of Resolution 09-40 authorizing the extension of the term of the legal services contracts with Orrick, Herrington & Sutcliffe LLC, Stradling, Yocca, Carlson and Rauth and Hawkins Delafield & Wood LLP by three months from September 30, 2009 to December 31, 2009.